



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
7500 Security Boulevard
Baltimore, MD 21244-1850

September 15, 1997

Dear State Medicaid Director:

The Balanced Budget Act of 1997 (HR2015) signed by President Clinton on August 5, 1997, includes a number of provisions which affect the administration of the Medicaid Program. One such provision, section 4753(F) requires the electronic transmission of all claims data by States to HCFA on or after January 1, 1999. Specifically, the law requires the electronic submission of claims data in the format specified by the Health Care Financing Administration (HCFA) and consistent with the Medicaid Statistical Information System (MSIS), including detailed individual enrollee encounter data.

This new requirement specifically affects your State since you do not currently participate in the MSIS. This system is HCFA's electronic alternative to the annual hard-copy filing of the HCFA- 2082 report. States participating in MSIS submit quarterly data tapes. Once the State successfully passes the MSIS system testing process, the State can request to be exempted from the annual HCFA- 2082 report. Over 30 States currently participate in MSIS.

The new section 4753(F) of the Social Security Act requires that all States submit their Medicaid claims data through MSIS. To facilitate State compliance with this new statutory requirement, we encourage States to participate in MSIS for Federal Fiscal Year (FFY) 1998 reporting, or sooner if requested. We believe we can provide better technical support if additional States are incorporated on a flow basis.

An MSIS overview and specifications can be electronically downloaded from HCFA's Internet Site (www.hcfa.gov/medicaid/m2082.htm). These are Word Perfect 6.1 files which consist of the State participation procedures manual, the tape specifications and data dictionary. If you do not have internet access, HCFA will be glad to furnish you with printed copies of these MSIS materials upon request.

We look forward to working with you to successfully implement MSIS on a national basis. Once we have all States participating in MSIS we will have a national Medicaid Database which will provide useful comparative and analytical information to both HCFA and our State partners.

Please distribute this letter to the appropriate State staff who will be responsible for planning your State's participation in MSIS. We are sensitive to the resource pressures you face, and will work closely with your staff to provide whatever implementation support we can.

Questions related to this letter, MSIS materials, or to MSIS participation, should be addressed to Betty Kern at (410) 786-0141, or BKern@HCFA.gov.

Sincerely,

/s/

Rachel Block

Director, Data and Systems Group

Center for Medicaid and State Operations

cc: All Associate Regional Administrators - Division of Medicaid